

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6894**

**BILL NUMBER:** HB 1227

**NOTE PREPARED:** Jan 5, 2012

**BILL AMENDED:**

**SUBJECT:** Artisan Distiller's Permit.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill creates an artisan distiller's permit for a person who desires to commercially manufacture not more than 40,000 gallons of liquor in a calendar year (excluding liquor sold through a liquor wholesaler).

It provides that an artisan distiller may do the following: (1) Manufacture liquor. (2) Blend liquor purchased from another manufacturer with the artisan distiller's product. (3) Bottle the artisan distiller's liquor. (4) Store the artisan distiller's liquor. (5) Transport, sell, and deliver the artisan distiller's liquor to places outside of Indiana and to a liquor wholesaler. (6) Sell the artisan distiller's liquor to consumers by the drink, bottle, or case at the artisan's distillery. (7) Serve complimentary samples of the artisan distiller's liquor to consumers at the artisan distiller's distillery. (8) Hold an interest in a farm winery brandy distiller's permit that allows the artisan distiller to sell and serve complimentary samples of the artisan distiller's liquor to consumers at the farm winery brandy distiller's additional locations. (9) Hold an interest in a brewer's permit for a microbrewery to permit the artisan distiller to sell and serve samples of the artisan distiller's liquor on the brewery premises.

It allows the Alcohol and Tobacco Commission to collect an annual \$250 permit fee for a biennial artisan distiller's permit. The bill provides that a percentage of the artisan distiller's permit fee is deposited in the Enforcement and Administration Fund and the state General Fund. It also makes conforming amendments.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC):* This bill could increase administrative expenditures for the ATC by requiring the ATC to establish rules governing issuance of an

artisan distiller's permit . The ATC's current level of resources should be sufficient to implement this change.

**Explanation of State Revenues:** *Artisan Distiller's Permit:* This bill creates an artisan distiller permit to a person who desires to commercially manufacture *not more than* 40,000 gallons of liquor in a calendar year (excluding liquor sold through a liquor wholesaler). The annual fee for the permit is \$250. Permit fee revenue would be deposited in the Enforcement and Administration Fund (34%) and the state General Fund (66%). Under current statute, the annual fee for a distillers permit is \$2,000. According to the ATC permit counts, there are currently 4 distiller permits issued. Any impact on permit fee revenue should be minimal.

*Impact of Additional Wine Sales:* This bill allows an artisan distiller to sell liquor manufactured by the artisan distiller by the drink, bottle or case from the premises of the distillery where the liquor was manufactured. To the extent that any of the provisions of this bill affect liquor sales, state revenues will be impacted. Sales changes will affect collections of both alcoholic beverage excise taxes and the Sales Tax.

The alcoholic beverage excise taxes are distributed in varying amounts to the following funds: state General Fund, the Post War Construction Fund, the Enforcement and Administration Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund. The state retains 50% of the General Fund distribution of beer and wine excise tax revenue. The remainder is distributed to cities and towns based on population.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%)

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Revenues*.

**State Agencies Affected:** ATC.

**Local Agencies Affected:**

**Information Sources:** ATC Permit Counts, November,29, 2011.

**Fiscal Analyst:** Diana Agidi, 317-232-9867.